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# FOR A COMPETITIVE EDGE IN SERVICES, INVEST IN THE RIGHT PEOPLE AND PROCESSES

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Steve Jobs can teach us a thing or two about customer loyalty. Though Apple products have sometimes fallen short of expectations, Apple customers think nothing of standing in line for hours just to get their hands on the company's latest. According to Valarie Zeithaml, a *David S Van Pelt Family distinguished professor of marketing at the University of North Carolina*, recent financials show that Apple is achieving US\$4,406 per annum sales per square foot – far higher than brands such as the US\$3,000 per annum sales per square foot of premier global jeweller Tiffany and US\$1,700 per annum sales per square foot of leading luxury lifestyle handbags and accessories brand Coach.

Apple Inc is “an extremely profitable outfit” and its success is underlined by its innovative service delivery that centres on the customer experience, said Zeithaml, a keynote speaker at the [Institute of Service Excellence at SMU Global Conference on Service Excellence 2011](#). Like Zeithaml, many of the other speakers and panellists at the conference stressed the significance of service as a competitive business tool, and with that, the criticality of getting the right people to deliver that service.

## Emotional engagement

Pushing the Apple brand in the region is [EpiCentre](#) founder and chief executive Jimmy Fong. A premium Apple reseller, the company has grown from a single location in Singapore in 2006 to six locations across Singapore, Malaysia and China. Last year, it reported double-digit growth and record profits, thanks in large part to its customer-centred marketing strategies.

“Even with the best technologies and most optimum conditions, companies can still fail,” said Fong. EpiCentre, like Apple, looks over and beyond the products to provide a satisfying customer experience. His employees are imbued early on with the notion: “not lip service, not brain service but spirited service where there is passion and emotional engagement”. This is how Apple delivers “insanely great experiences” at their stores, he explained.

Walking the talk, up to one-third of the staff at every Apple retail store is stationed at the Genius Bar, a technical support station that provides only customer service, including software support, analysis and troubleshooting – but does not sell products. “People don’t want to just buy a personal computer, they want to know what they can do with it, and we want to help people see the many possibilities,” said Fong. “Customer service is a journey, and though we are not quite there yet, we are working on it with our spirited acts of *loving kindness*,” he added. ‘*Loving kindness*’ is the EpiCentre standard and motto of customer service where staff interact, engage and deliver passionate and genuine service to customers.

### **The people factor**

Service is a third crucial pillar in the food and beverage industry along with taste and ambience, said [Restaurant André](#) owner-chef André Chiang. New flavours, new techniques and new products will excite the palate, but it is “the intention, the process, the story behind the food – not what’s on the plate – that provides the emotional connection, and engages the senses for a memorable experience.” To that end, Chiang screens his potential employees’ temperament and competency.

Chiang would, for example, gauge the suitability of a candidate by asking about recent industry trends and movements. “Those who care about the industry will be updated about the latest happenings and better understand themselves in relation to the industry,” he said. Those genuinely interested in the business are also likelier to be excited about the stories and philosophy behind the food – information that can transform the customer experience.

The paradigm shift in marketing – from pushing the product to engaging the customer – has thrown the spotlight on the *process* of service delivery, in particular, who can best delight the customer and engender loyalty and sustainability. The logical answer is to hire people for their “interactive” as opposed to their “technical skills,” said Zeithaml. “You can train them on the technical front, but you can’t train them to be people oriented,” she added.

A service culture must come from the individual as well as the organisation, suggests Roland Rust, a *professor at the University of Maryland*. The cost of attracting, hiring and retaining employees is very high, so it makes sense to keep as many staff as possible. And a good way to do this is to “treat your employees as your internal customers,” he said. Just as companies seek to engage external customers, they should also look for ways to engage their staff. It is a mutually beneficial arrangement as the staff can then deliver the standard and level of service that the company wants.

### **Sow now, reap later**

Thirty years ago, there would have been resistance to investments in service. “CFOs used to call it a leap of faith,” Zeithaml noted. Today, with industry models to quantify service excellence and a lot of research in the field that tie customer service to actual financial benefits, companies have increasingly become more open to spend on customer service.

According to Rust, driving customer equity or the value of its customer base, is essential – because when a company increases customer equity by \$1, the value to the firm is \$1.50 or an additional 50%. Customer relations are so important that he advocates “cultivating relationships ahead of product branding” and keeping track of profitability through customer relationship management (CRM). The modern approach should be to “sell many products to one customer instead of one product to many customers”.

Electronic marketing and the social media are effective and affordable ways to connect with the target market, said Wolfgang Goethe University’s Bernd Skiera. These e-platforms are especially useful to SMEs who do not have a huge marketing budget to acquire, retain, cross-/ up-sell or recover lost customers.

## **Sustaining competitive edge**

Even as companies recognise that change and innovation are essential to keep ahead of the competition, many, ironically, put in place internal systems to preserve the status quo. This was the sentiment of Khoo Teck Puat Hospital CEO Liak Teng Lit. What underlies this is the perspective that each employee is hired to fulfil a specific role and that he or she should not be trying to make changes to the company's established systems.

"The more creative or the bigger the idea, the more difficult it would be to get acceptance – because realistically, the system will fight back," Liak said. As such, he advocates "protection" for passionate employees with good ideas and for management to give credit where credit is due when those ideas bear fruit. Such positive endorsement and recognition will "embolden others to come up with creative ideas".

For Resorts World Sentosa VP Food & Beverage Operations David Hamano, sustaining a competitive edge means "empowering your people all the way down the line", and "taking responsibility for your own area to make it more productive". For the company's Singapore operations, different segments are set up to "compete against each other to become more innovative, and this is all for the common interest of the group".

Companies that have lost their way in delivering customer service should not fret as comebacks are not impossible. "Don't try to work on everything at once; just focus on what is most important to the customer and work on that first," Skiera advised. Another way is to look to the CFO, who should be "investing for the long-term, and investing in the future," Rust added. "The financial returns will come."